



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

11A. Discussion/Possible Action **Date: April 23, 2007**

SUBJECT: HILLWOOD REQUEST FOR FREEPORT EXEMPTION

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient, and accountable in support of the district’s mission.

FISCAL NOTE: None

Background Information:

- On Monday, April 16, the district was approached by Hillwood, Inc. to discuss the district’s possible granting of a Freeport exemption for commercial property to be developed in the northern part of the district. This exemption is being sought in an expedited manner because the company requires the property to be ready for their move-in by November of this year. Currently, the property has a double Freeport exemption with Tarrant County and the City of Fort Worth. Adding our exemption would be referred to as a Triple Freeport Exemption. The development would be initially for an electronics manufacturing facility of 880,400 square feet expandable for an additional 260,400 square feet or a potential total of over 1 million square feet. This business would have an extensive inventory that would be tax exempt if the Freeport exemption is granted. The real property value and manufacturing equipment would be taxable. The estimated building value is \$30,000,000 and the equipment is estimated at \$20,000,000. The taxes that would be collected next year on this scenario would be approximately \$640,000 at the new required compression rate. Currently, this property is taxed at the “open space” category and produces approximately \$8,600 in tax revenue to the district. The inventory that would not be taxed has the potential of generating significant additional tax dollars, but we have been assured that the project would not take place here if the Freeport exemption does not happen.
- One of the major concerns is the effect on the state funding formula if the exemption were granted. The Freeport exemption would only affect us if the inventory was in existence prior to the exemption being granted. In this case, it will not.

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Respectfully submitted,

James R. Veitenheimer
Superintendent